

1 Q Okay. Let me just be clear, Mr. Jones. Your
2 testimony today is that you don't remember ever having seen
3 the document that was identified as Intervenor's Exhibit 6?

4 A I don't remember that document. Okay.

5 Q Now I want to turn now to the risk sharing
6 agreement for a moment.

7 JUDGE STEINBERG: Are we doing anything with 7?
8 Okay. The witness has a copy of it in front of him.

9 MR. EVANS: Okay. All right. Well, now I don't
10 have a copy in front of me.

11 JUDGE STEINBERG: And wasn't the last question
12 about did -- Mr. Jones, you said you didn't remember number
13 6?

14 THE WITNESS: I don't remember No. 6, no.

15 JUDGE STEINBERG: Okay

16 Now there's no pending question but I just --

17 MR. EVANS: Okay.

18 BY MR. EVANS:

19 Q Have you reviewed Intervenor's Exhibit 7?

20 A I reviewed the document, No. 7, Exhibit 7.

21 Q Okay. Can you identify who the author of this
22 memo is?

23 A It doesn't specifically state but it appears to be
24 in reference to myself. I would say that it's probably
25 Robert Bernstein, since he's not listed up there

1 Q Okay. Do you recall the conference call that's
2 described in the memo?

3 A I do not, I'm sorry to say.

4 Q Okay.

5 A There's a few that I don't remember, yes.

6 Q As of July 20, 1994 Bell Atlantic had taken over
7 as the manager

8 A I believe so. I'm not sure of the exact date but
9 it was around that time.

10 Q Okay.

11 A Okay.

12 Q Do you see the language in the document that
13 refers to offering them an additional equity interest in
14 Alee? It's about a quarter of the way down the paragraph.

15 JUDGE STEINBERG: It's right below the name "Becky
16 Jo Clark."

17 (Pause.)

18 THE WITNESS: Yes, I see that.

19 BY MR. EVANS:

20 Q Okay. And do you also see later in the exhibit
21 the discussion about Terry Jones?

22 A Yes.

23 Q And indicating that you *contacted some of* the
24 other partners to get their approval to offer additional
25 equity interest to Bell Atlantic?

1 A Yes.

2 Q Did you do that?

3 A Based upon this it states that I did.

4 Q Well, do you --

5 A I don't remember

6 Q Do you remember anything at all about offering

7 Bell Atlantic an additional equity interest in Alee?

8 A I honestly do not. I don't recall this.

9 Q Okay. I'll ask Mr. Bernstein about this.

10 A Okay.

11 Q Do you know whether the other partners in Alee

12 think that Bell Atlantic had a five percent interest?

13 A I don't know.

14 Q Okay. Now with respect to the risk sharing

15 agreement -- I'm sorry, let's strike that. Do you recall

16 being asked at your deposition whether Alee was involved in

17 any litigation?

18 A Yes.

19 Q And did you know whether Alee was involved in any

20 litigation at that time?

21 A As I recall, I was hazy on some of the issues at

22 that time. I have a clearer understanding today.

23 Q And when was your deposition?

24 A July, the early part of July.

25 Q Mid-summer?

A July 9th or something like that.

2 Q Of this year?

3 A Of this year.

4 Q And as of that time you were not aware that Alee
5 was involved in any litigation, right?

6 A I don't think that's what my deposition reflected.
7 I said I was hazy on the litigation issues.

8 JUDGE STEINBERG: Okay. Let me stop you. Is this
9 -- are you impeaching the previous testimony that the
10 witness made or are you moving into a new area?

11 MR. EVANS: I'm moving into a new area, Your
12 Honor.

13 JUDGE STEINBERG: Okay. Then just ask the
14 questions without reference to the deposition because as far
15 as I'm concerned what he testified to in his deposition is
16 not relevant and what he says here today is.

17 MR. EVANS: Well --

18 JUDGE STEINBERG: It's not --

19 (Multiple voices.)

20 MR. EVANS: -- but he says he's changed his level
21 of knowledge since the deposition. I'm trying to --

22 JUDGE STEINBERG: Well, let's get his level of
23 knowledge today and if you think it's important to have him
24 testify as to what his level of knowledge was at the time of
25 the deposition then just ask the questions. Then if you get

1 different answers then go to the deposition but I don't want
2

3 MR. EVANS: Well, I just --

4 JUDGE STEINBERG: It means nothing to say, "Did
5 you testify this and so in your deposition" unless you're
6 just doing it for -- unless everybody wants to stipulate. I
7 Just think it's a waste of time. Are you almost finished,
8 do you think?

9 MR. EVANS: Yes. I think that I'll be able to
10 finish with Mr. Jones.

11 JUDGE STEINBERG: Do you have much redirect?

12 MR. HILL: Certainly more than 10 minutes.

13 JUDGE STEINBERG: Because I would very much like
14 to finish with Mr. Jones tonight and I would very much like
15 to speed things up considerably tomorrow because I -- you
16 know, I think this is going too slowly.

17 MR. EVANS: I appreciate that and it's actually
18 taken longer to do some things than I anticipated, but let
19 me --

20 JUDGE STEINBERG: Yeah. Just ask the questions
21 and --

22 MR. EVANS: Okay.

23 BY MR. EVANS:

24 Q Let me just ask you this. Is Alee involved in any
25 litigation now?

1 A Yes.

2 Q And what is that?

3 A I want to make sure that I have the correct
4 terminology. They have requested a stay with the FCC and
5 there is --

6 Q I'm speaking of litigation outside of the FCC at
7 this point.

8 A Litigation outside of the FCC?

9 Q Yes.

10 A I believe there is a matter in question as to the
11 risk sharing agreement where Alee is named in that
12 transaction.

13 Q Is Alee named a Defendant or as a Plaintiff?

14 A I don't recall.

15 Q Okay. And what's the litigation about?

16 A As to the risk sharing agreement and whether it is
17 still in existence or not.

18 Q If it is still in existence would that have a
19 significant impact on Alee as far as you know?

20 A Would it have a significant impact on Alee?

21 JUDGE STEINBERG: Leave out the word "significant"
22 and then --

23 BY MR. EVANS:

24 Q Would it have any affect on Alee?

25 A I'm sorry. Would you repeat the question? If?

1 Q If the risk sharing agreement is still in
2 existence would it have any impact on Alee?

3 A I haven't thought that through, but probably it
4 would.

5 Q It would?

6 A I don't know. I think so.

7 Q Are you aware that the losers -- that the parties
8 to the risk sharing agreement that did not win FCC licenses
9 in the lottery are you aware that they are -- some of them
10 are seeking to participate in the monies that the winners
11 have gotten?

12 A That's my understanding.

13 Q And would it be your understanding that if they
14 prevail in their suit that Alee would have to share with
15 them some of the profits --

16 MR. HILL: I object to that question. There's a
17 mischaracterization. He assumed it's the losers law suit.
18 I don't think that's ever been established.

19 JUDGE STEINBERG: Can you stipulate to who the
20 Plaintiffs are?

21 MR. HILL: I can

22 JUDGE STEINBERG: And then if you want to rephrase
23 *the* question to *satisfy* the concerns of Mr. Hill.

24 MR. EVANS: Well, I think the problem is the
25 losers have filed a cross-motion that goes to the point that

1 I lust raised.

2 MR. HILL: Fine.

3 JUDGE STEINBERG: Is that okay?

4 MR. HILL: Well, I don't know whether they filed a
5 cross-motion or not. I just know they are not the
6 Plaintiffs in the --

7 JUDGE STEINBERG: Well --

8 MR. HILL: -- in the action.

9 JUDGE STEINBERG: Can you -- will you accept the
10 phraseology, "If the losers -- if the lottery losers prevail
11 in whatever litigation is going on then this would happen?"
12 Regardless of whether they're Plaintiffs and Defendants, if
13 they prevail?

14 MR. HILL: No, I can't.

15 JUDGE STEINBERG: Okay.

16 MR. HILL: Because I don't know enough about the
17 nuances of the lawsuit. I cannot.

18 MR. EVANS: All right.

19 JUDGE STEINBERG: Well, we've got the witness'
20 understanding of the lawsuit and we've got a statement that
21 it probably would have -- if the risk sharing agreement was
22 still in existence it probably would have an impact on Alee.

23 Is that correct? Your understanding?

24 THE WITNESS: Yes.

25 JUDGE STEINBERG: Okay.

1 Let's go -- let's start fresh from there.

2 MR. EVANS: Okay. All right.

3 BY MR. EVANS:

4 Q So you're aware that there are people that are
5 asserting that the risk sharing agreement has some vitality
6 in that they're entitled to something from Alee if their
7 claims prevail, right?

8 A That's my understanding.

9 Q Okay. Now what involvement does Alee have in the
10 litigation that we've been talking about regarding this
11 subject?

12 A I am not up to speed enough to answer that, sir.

13 Q Does Alee have a lawyer that's involved in the
14 case?

15 A I am not sure how we have handled that matter. I
16 think that question might be best directed at Mr. Bernstein
17 who was more involved with the legal aspects of the
18 partnership.

19 Q Okay. And just to try to short-circuit things,
20 although it usually turns out when you try to short-circuit
21 things it ends up taking longer, but prior to the last
22 couple of months did you have any awareness that there was
23 litigation going on in which Alee was involved?

24 A Outside of the FCC, sir?

25 Q Yes. I'm sorry.

A All right.

2 Q Outside of the FCC?

3 A Outside of the FCC? Yes, I remember seeing some
4 correspondence concerning that issue.

5 Q Okay. And what was the correspondence?

6 A Once again, I don't recall the specifics about it
7 other than that Alee has been named, if I'm not mistaken, as
8 part of the suit.

9 Q Okay. Has Alee made any payments to an attorney
10 in connection with that litigation?

11 A The legal bills that have been coming into the
12 office recently have been quite extensive and I don't recall
13 if there was a specific line item on that issue.

14 Q Okay. Now let me just be sure I understand what
15 your view is of the current status of the risk sharing
16 agreement. Do you understand the risk sharing agreement to
17 **be** in existence or not?

18 A My belief is that it has been rescinded.

19 Q And what is that based on?

20 A Based on discussions that we've had as a result of
21 the Algereq case.

22 Q Discussions who has had?

23 A That I've had with Mr. Bernstein, Ms. Clark and
24 our legal counsel.

25 Q Okay. Well, did Alee attempt to rescind its

participation in the risk sharing agreement?

2 A I think they rescinded it a long time ago.

3 Q Right. And do you know whether all of the other
4 parties to the risk sharing agreement rescinded their
5 participation?

6 A The understanding that I have is that when Algereq
7 was settled everyone was required to rescind.

8 Q When you say everyone who do you mean?

9 A The winning and the losing partners were required
10 to rescind.

11 Q Okay. Do you know whether the losing partners did
12 rescind?

13 A I don't have those specifics, no.

14 Q Okay. You've never seen any documentation that
15 shows they've rescinded?

16 A If I did I don't remember, sir.

17 Q And you know that they are, in fact, asserting
18 that the risk sharing agreement still exists?

19 A I believe that is their assertion.

20 Q Okay. Does Mr. Gruner regularly attend
21 partnership meetings?

22 A Yes.

23 Q Is he a partner?

24 A Is he a partner? Well, if I may just a moment.

25 JUDGE STEINBERG: What was that name again? Was

it G-r-u-m-e-r?

2 MR. EVANS: Yes.

3 JUDGE STEINBERG: And you referred to "Mr.?"

4 MR. EVANS: Mr. Grumer, yes.

5 THE WITNESS: I'm sorry. I have him confused with
6 Mr. Spence. Mr. Spence regularly attends meetings. Diana
7 Grumer has not attended meetings recently.

8 BY MR. EVANS:

9 Q And how about Mr. Grumer?

10 A I don't recall him attending meetings recently,
11 either.

12 Q Well, has he ever attended meetings?

13 A I don't know. I know I've met Diana Grumer in the
14 past at meetings. I don't recall Mr. Grumer.

15 Q Okay. Well, Mr. Grumer was originally listed as a
16 partner in Alee, wasn't he?

17 A I would have to go back to see that document that
18 made the changes, sir.

19 Q Well, if --

20 A It's where? Point me in the right direction.

21 Q What document would -- you mean the document from
22 Mr. Kane? Would that help you?

23 JUDGE STEINBERG: *Intervenor Exhibit 4, page two.*

24 THE WITNESS: He was listed on there. I don't
25 know whether the corrections in the past were resolving that

1 or not. I believe that was one of the corrections. I'd
2 have to see the corrections that went through.

3 BY MR. EVANS:

4 Q Okay. Well, I'm not trying to sandbag you. If
5 you look at Bureau Exhibit 13, that lists some changes. I
6 direct your attention specifically to page three of that
7 exhibit.

8 A The third page which is labeled "page two?" or
9 page three.

10 JUDGE STEINBERG: Paragraph five. It's typed
11 "page three" on the bottom.

12 BY MR. EVANS:

13 Q Yeah. Page three at the bottom. I'm sorry.

14 A I thought that was a correction, yes.

15 Q So the real partner is Ms. Gruner?

16 A Yes.

17 Q How do you know the real partner is Ms. Grumer?

18 A Based upon the documentation.

19 Q Do you know of any reason why Mr. Grumer could not
20 be a partner?

21 A No, I do not.

22 Q Do you know whether Mr. Grumer is a felon?

23 A Do I know if he's a felon? Not to my knowledge.

24 Q You don't know or you know that he's not a felon?

25 A I don't know.

Q Okay.

2 MR. EVANS: Your Honor, I think that's all I have.
3 If you'll just give me a second here to look this over.

4 (Pause.)

5 BY MR. EVANS:

6 Q Can you place a value on your interest in Alee,
7 sir?

8 A A value on my interest in Alee?

9 A Yes.

10 A It would be extremely difficult.

11 Q Just give me your best estimate?

12 A Assuming we don't have the license for New Mexico
13 3 and that has a zero value? Is that how you want me to
14 proceed forward?

15 Q Well --

16 A There's a lot of --

17 (Multiple voices.)

18 Q -- well, let me ask you --

19 A -- there's a lot of "ifs" out there. I don't -

20 Q -- have you had to do a financial statement
21 recently that called for you to list your assets?

22 A On a personal financial statement?

23 Q Yes.

24 A I do it strictly on an equity basis because of the
25 issues surrounding the partnership.

1 Q I see. So you would give the value of Alee as
2 just the hook value on --

3 A The hook value of --

4 (Multiple voices.)

5 Q -- the partnership?

6 A -- the partnership.

7 Q Okay. What do you think the value is?

8 A It doesn't matter what I think it is, you know.
9 It's a question I would have difficulty answering. I have
10 no idea what the value is.

11 Q And would the value be less if your Texas 21
12 application was denied?

13 A Substantially less.

14 (Pause)

15 May I respond to that again?

16 Q Yes.

17 A Less than what? My book value? My book value
18 would have no effect.

19 Q No, not less than book value. Less than --

20 A Less than --

21 (Multiple voices.)

22 Q -- less than what you --

23 A -- less than --

24 Q -- you would be with --

25 A -- potential fair market value?

1 Q Yes.

2 A Substantial difference would occur with or without
3 clouds. So, you know, I don't think that's news to anyone
4 that sits in this room.

5 Q All right. Thank you, sir. That's all. Thank
6 you, sir.

7 A Mm-hmm.

8 JUDGE STEINBERG: Do you want to take a break
9 before you redirect?

10 MR. HILL: I would like to break for the day. I
11 don't think that I can do justice to it. I think Mr. Jones
12 has been suffering from his sinus congestion and I promise
13 that when we come back in the morning it will be focused and
14 as short as one can possibly make it covering the subject
15 matter.

16 MS. LANCASTER: Oh, I would object, Your Honor.

17 JUDGE STEINBERG: I'm going to just -- I'm going
18 to break for the day, I'm pooped. Then I did say we were
19 going to quit around 4:00 every day and --

20 MS. LANCASTER: Can we go for an hour, until 5:00?

21 JUDGE STEINBERG: I don't want to go for an hour,
22 frankly. Tomorrow when we have the redirect I mean that's
23 *the breaks of the game* are that we went until 4:00 and if
24 they have an overnight break that's their good fortune.

25 The scope of the recross is strictly going to be

1 limited to the scope of the redirect. We're not going to
2 get into everything and reopen anything. So whatever the -
3 then, however, if a subject matter is touched and then that
4 subject matter is fair game.

5 MR. HILL: 9:00 tomorrow morning?

6 JUDGE STEINBERG: 9:00 tomorrow morning and we'll
7 be in recess until then.

8 Thank you.

9 (Whereupon, at 4:05 p.m., the meeting in the
10 above-entitled matter was adjourned until 9:00 a.m.,
11 Thursday, October 24, 2002.)

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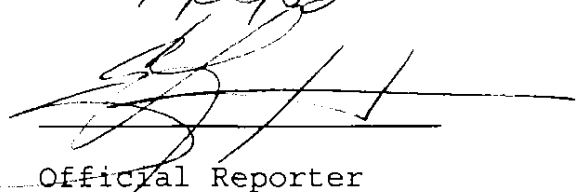
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